



APRIL KANAK
SENIOR ATTORNEY

May 28, 1997

Mr. David S. Guzy
Chief, Rules and Procedures Staff
Minerals Management Service
Royalty Management Program
Building 85, Denver Federal Center
Denver, Colorado 80225

Re: Notice of Proposed Rulemaking, 62 Fed. Reg. 3742 (January 24, 1997)

Dear Mr. Guzy:

Anadarko Petroleum Corporation ("APC") welcomes this opportunity to comment on the notice of proposed rulemaking the Minerals Management Service ("MMS") has issued regarding the value of the federal royalty on oil.

APC is a large independent oil company that sells almost all of its oil to unaffiliated third parties at the lease. APC opposes the proposed rules that would rely on the NYMEX for valuation rather than valuation at the lease based on actual proceeds.

APC will not elaborate on our objections to the proposed rule as our concerns have been addressed by trade associations whose comments we support such as the Domestic Petroleum Council and the Independent Petroleum Association of America.

APC appreciates this opportunity to comment and hopes that MMS will focus on fine tuning the current rules rather than replacing them with a NYMEX based system.

Very truly yours,

April Kanak

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